

**SPECIAL AUDIT COMMITTEE MEETING
OF THE CITY OF SAN DIEGO**

**Council President Pro Tem Kevin L. Faulconer, Chair
Councilmember Carl DeMaio, Vice Chair
Committeemember Thomas Hebrank
Committeemember Charles Sellers
Committeemember Steve Grant**

**ACTIONS FOR
MONDAY, APRIL 11, 2011, AT 9:00 A.M.**

**COUNCIL COMMITTEE ROOM (12TH FLOOR),
CITY ADMINISTRATION BUILDING
202 C STREET, SAN DIEGO, CALIFORNIA**

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All Committee members present.

NON-AGENDA PUBLIC COMMENT: Bob Kuczewski discussed oversight of the Torrey Pines Gliderport.

COMMITTEE COMMENT: Chair Faulconer announced that Item 6 , a report from the City Auditor regarding performance measures in the Public Utilities Department Bid to Goal programs, will be trailed until the May 2, 2011, Audit Committee meeting to allow additional time for the City Auditor to fully vet the report with the Public Utilities Department.

Councilmember DeMaio provided an update on the Audit Committee Ad-Hoc Subcommittee, formed to review the implementation of recommendations from the San Diego County Grand Jury.

CITY ATTORNEY, IBA, AND MAYORAL STAFF COMMENT: None.

ADOPTION AGENDA

Approval of the Record of Action Items for March 21, 2011

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to approve.

ACTIONS
Audit Committee
April 11, 2011
- 2 -

VOTE: 4-0; Faulconer-yea, DeMaio-yea, Grant-abstain,
Hebrank-yea, Sellers-yea

INFORMATION ITEMS

ITEM-1: Report from the City Auditor regarding AUDIT ACTIVITY [PowerPoint](#)

ACTION: Information only. No action taken. Councilmember DeMaio requested a short, written response from Development Services Department Director Kelly Broughton to the Chair explaining when he can provide the information the Office of the City Auditor has requested in order to complete the Development Services Department Permit Tracking System audit. Chair Faulconer will make the request of Mr. Broughton.

DISCUSSION/ACTION ITEMS

ITEM-2: Updates regarding CORRECTION OF FINANCIAL INFORMATION IN DATA MANAGEMENT SAP SYSTEM and THE FISCAL YEAR 2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AUDIT SCHEDULE

- a. [Reports from City Comptroller and City Auditor](#) regarding SAP financial data correction
- b. [Report from Outside Auditor Macias Gini & O'Connell](#) regarding timeline for completing Fiscal Year 2010 audit
- c. [Reports from Outside Auditor Macias Gini & O'Connell](#), City Auditor, and Independent Budget Analyst regarding resources to complete Fiscal Year 2010 audit
- d. Report from City Attorney's office regarding process for annual Audit Committee review of the CAFR and Audit Committee appointment to attend the Disclosure Practices Working Group (DPWG)

ACTION: Information only. No action taken. Councilmember DeMaio requested that:

1. The Independent Budget Analyst and City Auditor look into the policy issue of City management posting the audited Comprehensive Annual Financial Report (CAFR) statement on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system before Audit Committee and City Council review, and present options at the next Audit Committee meeting so the Audit Committee

ACTIONS
Audit Committee
April 11, 2011
- 3 -

- can provide policy recommendations to management; and
2. City Auditor Luna, City Comptroller Whitfield, City Attorney, Independent Budget Analyst, and Macias Gini & O'Connell work together to review the terms of MGO's contract, looking at the staffing qualifications that were represented to the City when it accepted MGO's bid, and report back to the Audit Committee on whether, based on those factors, a resolution can be agreed to on MGO's request for additional financial resources to conduct the Fiscal Year 2010 CAFR, and options for the Audit Committee if an approach cannot be agreed upon.

- ITEM-3: Updates regarding City Auditor's [AUDIT RECOMMENDATION FOLLOW-UP REPORT – FEBRUARY 2011](#) [Faulconer memo](#)
- a. [Report No. 08-010: Central Stores Inventory Audit – Purchasing & Contracting Department](#) [PowerPoint](#)
 - b. Report No. 09-023: Audit of Central Stores Inventory (FY08)
 - c. Report No. 11-001: [Performance Audit of Risk Management's Public Liability and Loss Recovery Division](#)
 - d. Report No. 11-006: Performance Audit of the Fire Prevention Activities Within the City of San Diego
 - e. Report No. 11-009: Street Maintenance

ACTION: Information only. No action taken.

- ITEM-4: [Request from City Auditor](#) to participate in "SENIOR EXECUTIVES IN STATE AND LOCAL GOVERNMENT" EXECUTIVE EDUCATION PROGRAM AT HARVARD UNIVERSITY, JOHN F. KENNEDY SCHOOL OF GOVERNMENT (July 11 – July 29, 2011)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to approve the City Auditor's participation in the program.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant- yea, Hebrank-yea, Sellers-yea

Chair Faulconer and Councilmember DeMaio asked City Auditor Luna to prepare a memorandum to members of the Audit Committee after completion of the program summarizing information that may be of interest to the Audit Committee.

ACTIONS
Audit Committee
April 11, 2011
- 4 -

ITEM-5: [Report from City Auditor](#) regarding REVENUE RECOVERY AUDITING OPPORTUNITIES USING OUTSIDE FIRMS

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to request the City Attorney's office to prepare the necessary legislative materials to require that the administration utilizes recovery auditing in Fiscal Year 2012 and beyond.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant- yea, Hebrank-yea, Sellers-yea

ITEM-6: **NOTE: This item was continued to the next Audit Committee meeting on May 2, 2011.**
Report from City Auditor regarding PERFORMANCE MEASURES IN THE PUBLIC UTILITIES DEPARTMENT BID TO GOAL PROGRAMS

Kevin L. Faulconer
Council President Pro Tem